

# **FINANCIAL WELL-BEING FOR PEOPLE LIVING WITH DISABILITIES**

# Family born with a child with a disability (0-5)

## Personal planning for the guardian/guardians

Importance of making plans should they no longer be able to care for the disabled child or become deceased

## Personal planning for the child

Importance of obtaining government assistance with savings plans and tax credits for immediate financial needs and future financial needs

# Making a Will

# **A will is a legal document that states your wishes regarding the distribution of your assets and the care of any minor children.**

It allows you to name an executor and an alternate executor.

A will lets you appoint a guardian/guardians and an alternate guardian/guardians. The guardian or guardians will be legally responsible for making all decisions for your children until they become adults.

It also allows you to create a testamentary trust(usually a Henson Trust) and appoint a trustee/co-trustees.

A trust protects the assets of the beneficiary/beneficiaries of the trust as well as their right to collect government benefits and entitlements.

The trustee/co-trustees are responsible to manage and distribute the assets in the trust for the benefit of your child/children.

If you **do not** have a will the courts decide who will be executor, how your assets are divided ,who will be guardian to minor children and the government maintains control of assets for minors until they reach 19 at which time they have full access.

## Please note

A will does not override joint tenancy, beneficiary designation on a life insurance policy or a beneficiary designation on a RRSP/RRIF account. This will affect how you decide to divide your assets. Only assets over \$25,000 that fall under a will are subject to probate fees.

# Making a Power of Attorney

**A power of attorney is a legal document which gives legal authority to someone else (called attorney) to make financial and legal decisions for you.**

An Enduring Power of Attorney is used when you want this legal authority to begin when you become incapacitated.

This document will also allow you to name the guardian/guardians to any minor children if there are no other legal guardians to act.

# Beneficiary Designations for Registered Savings Accounts (RRSP/RRIF/ LRSP/RPP etc.)

Your **Registered Savings Accounts** allow a tax deferred rollover to your spouse when you become deceased. This is usually the best option to choose. You bypass probate and save probate fees.

You should name your children as contingent beneficiaries should your spouse pass before you.

Please note that you are allowed a tax deferred rollover of your registered savings accounts to a disabled child's RDSP (\$200,000 lifetime contribution limit) or a fully discretionary testamentary trust/Henson Trust.

**Buy Life Insurance**

**The main purpose of life insurance is to provide income for your dependants should you become deceased.**

If you name your spouse as beneficiary you should name your children as contingent beneficiaries. For minors listed as beneficiaries you need to name the trust as beneficiary of your life insurance policy. The younger you purchase insurance the more affordable coverage is. What type ,how much and affordability will need to be discussed with a professional. Some is better than none!!!

**Buy Disability Insurance**

**The main purpose of disability insurance is to replace income that you depend on should you be unable to work due to illness or injury.**

Most employers offer long term disability benefits that cover 60-70% of your income. You may be required to pay these premiums yourself. It makes sense to get this insurance as it is less expensive than private disability policies. If your employer does not offer LTD you will need to purchase a private policy. Please note that premiums go up with age with all policies. You will need to consult a professional when purchasing private policies.

**Apply for the Disability Tax Credit**

**The Disability Tax Credit (DTC) is a non-refundable tax credit that helps persons with disabilities reduce the amount of income they are required to pay tax on (reduces taxable income by \$8,113). Supplement if you are under 18 (additional \$4,733).**

Tax returns can be re-assessed going back 10 years for the DTC and retroactive tax savings paid out. The DTC can be transferred to a supporting taxpayer (spouse or parent) if the DTC recipient was dependent on you for all or some of the basic necessities of life (food, shelter, or clothing).

# Child Disability Benefit (CDB)

**The Child Disability Benefit (CDB) is a tax-free benefit of up to \$2,730 per year (paid \$227.50 per month) for families who care for a child under age 18 with a severe and prolonged impairment in physical or mental functions.**

Families who are eligible for the Canada Child Benefit for a child will receive the Child Disability Benefit only if the child is also eligible for the Disability Tax Credit (DTC). Please note that this benefit is also available retroactively going back 10 years and payable to the primary caregiver/Canada Child Benefit recipient.

# Canada Caregiver Credit (CCC)

# The Canada Caregiver Credit (CCC) is a non-refundable tax credit

You can claim the CCC if your or your spouse's or common-law partner's child or grandchild depend on you for support because of a physical or mental impairment.

They rely on you to regularly and consistently provide them with some or all of the basic necessities of life, such as food, shelter and clothing.

You may be entitled to claim an amount of \$2,150 for each child

The CRA may ask for a signed statement from a medical practitioner (DTC not a requirement).

# Open a Registered Disability Savings Plan (RDSP)

**The Registered Disability Savings Plan (RDSP) is a long-term savings plan (pension) that helps Canadians living with disabilities and their families save for the future.**

The Government will deposit a Canada Disability Savings Bond of up to \$1,000 a year to low-income and modest-income beneficiaries. (max \$20,000). No contributions required.

If contributions are made to an RDSP, they could qualify for a Canada Disability Savings Grant of up to \$3,500 a year. (max \$70,000)

You can catch up on missed bonds and grants going back to 2008 and they are payable up to Dec 31<sup>st</sup> of the year you turn 49.

You need to be approved for the Disability Tax Credit (DTC) to open an RDSP

# Open a Registered Education Savings Plan (RESP)

**A Registered Education Savings Plan (RESP) is an investment vehicle specifically designed to help parents save for a child's post-secondary education.**

If you save for a child age 17 and under, the federal government also puts money into the RESP as a grant or bond. Your savings and grants and bonds grow tax-free.

Please note that a RESP can transfer to a child's RDSP if the child is unable to attend post-secondary school. With no contribution a child can still receive \$3,225 in bonds and grants plus you also get investment growth.

## **The Canada Learning Bond (CLB)**

provide an initial \$500 to children of modest income families, born on or after January 1, 2004. To help cover the cost of opening an RESP an extra \$25 is paid. An additional payment of \$100 for each previous and subsequent year of eligibility, up to 15 years for a maximum of \$2,000.

## **The Canada Education Savings Grant (CESG)**

provides a matching grant of 20% of annual contributions to a maximum of \$500 (\$1,000 if there is unused grant room), and a lifetime limit of \$7,200. Lower income families can increase this amount up to 40% on the first \$500 in annual contributions.

# **British Columbia Training and Education Savings Grant Information**

The B.C. Government will contribute \$1,200 to children born in 2006 or later through the B.C. Training and Education Savings Grant (BCTESG).

**File your taxes**

To qualify for many of these credits and benefits you must have your taxes up to date!!!!

**Community Volunteer Income Tax Program (CVITP)**  
Free tax preparation clinics in communities across BC. Requires a modest income and simple tax situation to qualify. You can have current as well as previous tax years completed going back 10years.



**British Columbia Aboriginal Network  
on Disability Society (BCANDS)**

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